

Digest of Medicaid Recipient Controls

The Division of Health Care Financing's (HCF) restriction program, designed to control recipient overuse of Medicaid benefits, is effective in reducing excessive use of services, but can improve its effectiveness and efficiency. Expanding this program can increase effectiveness by controlling more recipient overuse. Higher efficiency can be achieved by using computer resources better. Enrolling overusing recipients more efficiently can control overuse sooner, thereby increasing associated cost savings. Further, in response to a request to review specific procedures related to Medicaid, we found that HCF has appropriate procedures in place to respond to a recipient who questions a charge on an Explanation of Medicaid Benefits summary. Also, we found that reasonable efforts are made to ensure that applicants meet eligibility requirements, specifically asset limitations, when applying for benefits through the Office of Family Support in the Department of Human Services.

The following paragraphs summarize the most significant findings in our report.

The Restriction Program Is Effective and Should Be Expanded. According to a limited sample of restricted recipients whose services we reviewed, the restriction program is effective in reducing service use and costs to Medicaid. Based on the results of our sample, we believe that the restriction program's enrollment should be expanded. We found there were recipients with high levels of use who were not reviewed or restricted. Staff should consider additional recipients for restriction program placement to lower costs to Medicaid and increase the likelihood of coordinated medical care being provided. Also, staff should develop a way to measure program effectiveness. Finally, educational letters can be put to better use and contacts with providers can improve.

The Restriction Program Can Be More Efficient. The current restriction program can be improved if processes are streamlined. Reviews of high use recipients take too long because review processes are inefficient and involve too many manual steps. Needed changes include improving the Surveillance and Utilization Review Subsystem (SURS) reports used in reviews and automating manual processes so that staff can decrease the time taken to complete each step of an unnecessarily long review process. Reduced processing time will save Medicaid money by controlling use sooner and will aid staff in staying current in their work load. Efficiency improvements will increase cost savings to Medicaid since each month an overusing recipient is enrolled saves about \$384, based on the results of the sample described above.

Procedures Exist for Questioned Charges and Consideration of Assets. Concerns expressed by a legislator over the adequacy of procedures in two distinct areas of Medicaid

service use and eligibility led us to review specific procedures at HCF and the Department of Human Services (DHS). First, we found that HCF has adequate procedures in place to check questioned service use listed on a recipient's Explanation of Benefits (EOB) form, and that pharmacies have fairly standard procedures to follow when they suspect someone of improper use of a Medicaid card. In the second, unrelated area, the application process for assistance at DHS that determines eligibility takes assets in the home into consideration, with verifications obtained on liquid assets and income. Applicants' information on the value of assets in the home is accepted without formal verification unless there is reason to question the provided information.